

HOUSE BILL No. 1583

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-18.5-4.7; IC 36-1-7-3; IC 36-2-5-2.

Synopsis: County and municipal property taxes. Allows political subdivisions to finance an interlocal agreement for provision of a service by increasing the maximum levy of the political subdivision that provides the service and decreasing the maximum levy of the political subdivision to which the service is provided. Provides for the same levy adjustments in the absence of an interlocal agreement upon petition to the department of local government finance. Provides that a county may not levy property taxes in a municipality for services the municipality provides itself.

Effective: Upon passage.

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January 16, 2009, read first time and referred to Committee on Ways and Means.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1583

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-18.5-4.7 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 4.7. (a) If a civil taxing unit**
4 **provides a service to another civil taxing unit after 2009, the civil**
5 **taxing units may jointly petition the department of local**
6 **government finance for:**

7 (1) **an increase for the civil taxing unit providing the service;**
8 **and**

9 (2) **a decrease in the same amount for the civil taxing unit to**
10 **which the service is provided;**
11 **of the maximum permissible property tax levy under section 3 of**
12 **this chapter.**

13 **(b) If civil taxing units referred to in subsection (a) discontinue**
14 **their service agreement, the civil taxing units shall notify the**
15 **department of local government finance, and the department shall:**

16 (1) **decrease for the civil taxing unit that provided the service;**
17 **and**



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(2) increase in the same amount for the civil taxing unit to which the service was provided;
the maximum permissible property tax levy under section 3 of this chapter.

(c) The civil taxing units referred to in subsection (a) must:

(1) petition the department of local government finance under subsection (a) not later than December 1 of a calendar year for levy adjustments under subsection (a); and

(2) notify the department of local government finance under subsection (b) not later than December 1 of a calendar year for levy adjustments under subsection (b);

for property taxes first due and payable in the immediately succeeding calendar year.

(d) Upon finding that the requirements of this section have been met, the department of local government finance shall:

(1) determine the levy adjustment under subsection (a) or (b) in an amount reasonably calculated to equal the annual expense of providing the service; and

(2) make the levy adjustments referred to in subsection (a) or (b).

SECTION 2. IC 36-1-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) An agreement under this section must provide for the following:

(1) Its duration.

(2) Its purpose.

(3) **Subject to subsection (d)**, the manner of financing, staffing, and supplying the joint undertaking and of establishing and maintaining a budget therefor.

(4) The methods that may be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon partial or complete termination.

(5) Administration through:

(A) a separate legal entity, the nature, organization, composition, and powers of which must be provided; or

(B) a joint board composed of representatives of the entities that are parties to the agreement, and on which all parties to the agreement must be represented.

(6) The manner of acquiring, holding, and disposing of real and personal property used in the joint undertaking, whenever a joint board is created under subdivision (5)(B).

In addition, such an agreement may provide for any other appropriate matters.

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(b) A separate legal entity or joint board established by an agreement under this section has only the powers delegated to it by the agreement. The agreement may not provide for members, directors, or trustees of the separate legal entity or joint board to make appointments (either individually or jointly) to fill vacancies on the separate legal entity or joint board.

(c) Subsection (a)(6) does not apply to an emergency management assistance compact under IC 10-14-5.

(d) An agreement under this section under which a political subdivision provides a service to another political subdivision after 2009 may provide for financing the agreement by:

(1) an increase for the political subdivision providing the service; and

(2) a decrease in the same amount for the political subdivision to which the service is provided;

of the maximum permissible property tax levy under IC 6-1.1-18.5.

(e) If an agreement that provides for financing under subsection (d) is terminated, the department of local government finance shall:

(1) decrease for the political subdivision that provided the service; and

(2) increase in the same amount for the political subdivision to which the service was provided;

the maximum permissible property tax levy under IC 6-1.1-18.5.

(f) A political subdivision shall notify the department of local government finance not later than December 1 of a calendar year of:

(1) the political subdivision's entry into an agreement that requires levy adjustments under subsection (d); or

(2) the political subdivision's termination of an agreement that requires levy adjustments under subsection (e);

for property taxes first due and payable in the immediately succeeding calendar year.

(g) The department of local government finance shall:

(1) determine the levy adjustment under subsection (d) or (e) in an amount reasonably calculated to equal the annual expense of providing the service; and

(2) make the levy adjustments referred to in subsection (d) or (e).

SECTION 3. IC 36-2-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county fiscal body shall fix:

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- (1) the rate of taxation for county purposes; and
 (2) the rate of taxation for other purposes whenever the rate is not fixed by statute and is required to be uniform throughout the county.

(b) The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law.

(c) If a municipality in the county instead of the county serves in the municipality a purpose for which a rate of taxation is fixed under subsection (a)(1) for property taxes first due and payable after 2009, the tax levy for which the rate is fixed is on all taxable real and personal property in the county outside the corporate boundaries of:

- (1) that municipality; and**
(2) any other municipality in the county to which this subsection applies.

(d) The department of local government finance:

- (1) may adopt rules under IC 4-22-2 for; and**
(2) shall ensure;

the proper application of subsection (c).

SECTION 4. [EFFECTIVE UPON PASSAGE] (a) The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 36-2-5-2(c), as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

- (1) The date that the department of local government finance adopts another temporary rule under this SECTION that repeals, amends, or supersedes the previously adopted temporary rule.**
(2) The date that the department of local government finance adopts a permanent rule under IC 4-22-2 that repeals, amends, or supersedes the previously adopted temporary rule.
(3) The date specified in the temporary rule.
(4) July 1, 2011.

(b) This SECTION expires July 1, 2011.

SECTION 5. An emergency is declared for this act.

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